



**Fortis Bank Polska S.A.**

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2007**

**KPMG Audyt Sp. z o.o.  
The opinion contains 2 pages  
The report supplementing the auditor's opinion  
contains 12 pages  
Opinion of the independent auditor  
and report supplementing the auditor's opinion  
on the financial statements  
for the financial year ended  
31 December 2007**

KPMG Audyt Sp. z o.o.  
ul. Chłodna 51  
00-867 Warszawa  
Poland

Telefon +48 22 528 11 00  
Fax +48 22 528 10 09  
E-mail kpmg@kpmg.pl  
Internet www.kpmg.pl

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## OPINION OF THE INDEPENDENT AUDITOR

*To the General Meeting of Fortis Bank Polska S.A.*

We have audited the accompanying financial statements of Fortis Bank Polska S.A. seated in Warsaw, 3 Suwak Street ("the Bank"), which comprise the balance sheet as at 31 December 2007, with total assets of and total liabilities and equity of PLN 14,211,014 thousand, the profit and loss account for the year then ended with a net profit of PLN 177,594 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 172,451 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 1,236,362 thousand, and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility, based on our audit, is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control



relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the accompanying financial statements of Fortis Bank Polska S.A. have been prepared and present fairly in all material respects the financial position of the Bank as at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Bank's Statute that apply to the Bank's financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

#### *Other Matters*

As required under the Accounting Act we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

*Signed on the Polish original*

.....  
 Certified Auditor No. 9941/7390  
 Bożena Graczyk

*Signed on the Polish original*

.....  
 For KPMG Audyt Sp. z o.o.  
 ul. Chłodna 51; 00-867 Warsaw  
 Certified Auditor No. 9941/7390  
 Bożena Graczyk,  
 Member of the Management Board

*Signed on the Polish original*

.....  
 For KPMG Audyt Sp. z o.o.  
 ul. Chłodna 51; 00-867 Warsaw  
 David Pozzocco, Partner

Warsaw, 2 April 2008

**Fortis Bank Polska S.A.**

**Report supplementing  
the auditor's opinion  
on the financial statements  
Financial Year ended  
31 December 2007**

KPMG Audyt Sp. z o.o.  
The report supplementing the auditor's opinion  
contains 12 pages  
Report supplementing the auditor's opinion  
on the financial statements  
for the financial year ended  
31 December 2007

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## Contents

<b>1</b>	<b>General</b>	<b>3</b>
1.1	General information about the Bank	3
1.1.1	Company name	3
1.1.2	Registered office	3
1.1.3	Registration in the National Court Register	3
1.1.4	Tax Office and Provincial Statistical Office registration	3
1.2	Auditor information	3
1.3	Legal status	3
1.3.1	Share capital	4
1.3.2	Related parties	4
1.3.3	Management of the Company	5
1.3.4	Scope of activities	5
1.4	Prior period financial statements	6
1.5	Audit scope and responsibilities	6
<b>2</b>	<b>Financial analysis of the Bank</b>	<b>8</b>
2.1	Summary of the financial statements	8
2.1.1	Balance sheet	8
2.1.2	Profit and loss account	9
2.2	Selected financial ratios	10
2.3	Interpretation of selected financial ratios	10
<b>3</b>	<b>Detailed report</b>	<b>11</b>
3.1	Proper operation of the accounting system	11
3.2	Verification of assets and liabilities	11
3.3	Compliance with banking regulations	11
3.4	Audit materiality	11
3.5	Notes to the financial statements	11
3.6	Report on the Bank's activities	12
3.7	Information on the opinion of the independent auditor	12

## 1 General

### 1.1 General information about the Bank

#### 1.1.1 Company name

Fortis Bank Polska S.A.

#### 1.1.2 Registered office

3 Suwak Street  
02-676 Warsaw  
Poland

#### 1.1.3 Registration in the National Court Register

Registration court: District Court for the Capital City Warsaw in Warsaw, XIII  
Commercial Department of the National Court Register  
Date: 17 April 2001  
Registration number: KRS 0000006421

#### 1.1.4 Tax Office and Provincial Statistical Office registration

NIP number: 676-007-83-01  
REGON: 003915970

### 1.2 Auditor information

Name: KPMG Audyt Sp. z o.o.  
Registered office: Warsaw,  
Address: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000104753  
Registration court: District Court for the Capital City Warsaw in Warsaw,  
XII Commercial Department of the National Court Register;  
Share capital: PLN 125,000  
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

### 1.3 Legal status

#### 1.3.1 Share capital

The Bank was established for an indefinite period under the terms of its Statute dated 5 November 1990.

The share capital of the Bank amounted to PLN 503,135,400.00 as at 31 December 2007 divided into 16,771,180 ordinary shares with a nominal value of PLN 30.00 each.

As at 31 December 2007, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares PLN '000	Percentage of share capital (%)
Fortis Bank S.A./NV	16,635,287	99.19%	499,060	99.19%
Other shareholders	135,893	0.81%	4,075	0.81%
<b>Total</b>	<b>16,771,180</b>	<b>100.00%</b>	<b>503,135</b>	<b>100.00%</b>

### 1.3.2 Related parties

The Bank is a member of the Fortis Bank Group.

### 1.3.3 Management of the Company

The Management Board is responsible for management of the Bank.

At 31 December 2007, the Management Board of the Bank comprised the following members:

- Alexander Paklons – President of the Management Board,
- Jan Bujak – First Vice-President of the Management Board,
- Bartosz Chyła – Vice-President of the Management Board,
- Jean – Luc Deguel – Vice-President of the Management Board,
- Thierry Lechien – Vice-President of the Management Board,
- Jaromir Pelczarski – Vice-President of the Management Board.

During 2007 the following changes in the composition of the Management Board have taken place:

- On 31 August 2007 Koen Verhoeven resigned from the position of Vice-President of the Management Board;
- On 1 September 2007 Thierry Lechien was appointed a Vice-President of the Management Board;
- On 7 December 2007 Jan Bujak was dismissed from the position of President of the Management Board and subsequently was appointed a First Vice-President of the Management Board;
- On 7 December 2007 Alexander Paklons was dismissed from the position of First Vice-President of the Management Board and subsequently appointed a President of the Management Board.

In 2008, until the date of the opinion and report on financial statement for the year ended 31 December 2007, there have been no changes in the composition of the Management Board.

### 1.3.4 Scope of activities

The business activities listed in the Bank's Statute include the following:

- accepting deposits due on demand and/or in fixed date and maintaining bank accounts for such deposits,
- maintaining the other bank accounts,
- granting credits and loans, including consumer credits and loans,
- carrying out pecuniary settlements, including payment card settlements, likewise payment card issuance,
- issuing and confirming bank guarantees, granting sureties, likewise opening and confirming L/Cs,
- issuing securities, including convertible bonds and banking securities, likewise carrying out commissioned tasks, and assuming obligations related to the issuance of securities,
- participating in trading in financial instruments, including maintaining securities custody accounts,
- conducting operations on money and FX markets including forward and derivative instrument transactions,
- conducting check and bill-of-exchange operations,
- purchasing and selling of cash debts,
- purchasing and selling foreign exchange,
- safekeeping valuable objects and securities, likewise rendering safe-deposit boxes available,
- rendering the following financial services:
  - consulting services,
  - custody services,
  - leasing services,
  - brokerage activity,
- commission sale of open pension funds and safekeeping pension funds' assets,
- providing agency services related to the distribution of participation units, investment certificates or participation units of investment funds, likewise agency services related to their sale and redemption, or safekeeping of investment funds' assets,
- providing agency services related to property insurance,
- intermediating within the scope of personal insurance, including life insurance,
- rendering certification services under the regulations governing electronic signatures, except for issuing qualified certificates used by banks with regard to actions to which they are parties,
- acting as an agent in making money transfers and FX settlements,
- issuance of instrument of electronic money.

### 1.4 Prior period financial statements

The financial statements for the period ended 31 December 2006 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the General Meeting on 15 June 2007 where it was resolved to allocate the profit for the prior financial year of PLN 108,266,204.72 as follows:

- |                     |                   |
|---------------------|-------------------|
| • General risk fund | PLN 50,000,000.00 |
| • Reserve capital   | PLN 58,266,204.72 |



The closing balances as at 31 December 2006 have been properly recorded as the opening balances of the audited year.

Due to the changes in the applied accounting policies resulting from the adoption of the accounting policies that are in compliance with International Financial Reporting Standards as adopted by the European Union, the related corresponding figures for 31 December 2006 have been restated.

The financial statements were submitted to the Registry Court on 16 August 2007 and were published in Monitor Polski B No. 1894 on 20 November 2007.

## 1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Fortis Bank Polska S.A. seated in Warsaw, 3 Suwak Street and relates to the financial statements comprising: the balance sheet as at 31 December 2007 with total assets and total liabilities and equity of PLN 14,211,014 thousand, the profit and loss account for the year then ended with a net profit of PLN 177,594 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 172,451 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 1,236,362 thousand and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The audited Bank prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 2 June 2006.

The financial statements have been audited in accordance with the contract dated 12 January 2007, concluded on the basis of the resolution of Supervisory Board dated 16 October 2006 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We have conducted the interim audit in the Bank's head office (*and branches*) during the period from 10 December 2007 to 18 January 2008.

We audited the financial statements in the Bank's head office during the period from 11 February 2008 to 7 March 2008.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the financial statements, and whether the financial statements are derived from properly maintained accounting records, based on our audit.

Management of the Bank submitted a statement dated the same date as this report as to the true and fair presentation of the financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.



All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the financial statements of the Bank fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

## 2 Financial analysis of the Bank

### 2.1 Summary of the financial statements

#### 2.1.1 Balance sheet

ASSETS	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
Cash and cash equivalents	1,590,463	11.19%	2,826,975	25.71%
Trading assets	253,301	1.78%	146,869	1.34%
Due from banks	228,525	1.61%	199,129	1.81%
Due from customers	11,172,026	78.62%	6,975,222	63.44%
Investment securities	603,235	4.24%	654,710	5.95%
Property, plant and equipment	113,816	0.80%	72,057	0.66%
Intangible assets	22,287	0.16%	11,882	0.11%
Deferred tax assets	33,873	0.24%	23,285	0.21%
Other assets	193,488	1.36%	85,679	0.77%
<b>TOTAL ASSETS</b>	<b>14,211,014</b>	<b>100.00%</b>	<b>10,995,808</b>	<b>100.00%</b>
<b>LIABILITIES AND EQUITY</b>				
	31.12.2007 PLN '000	% of total	31.12.2006 PLN '000	% of total
<b>Liabilities</b>				
Trading liabilities	201,381	1.42%	61,127	0.56%
Due to banks	5,895,545	41.49%	4,955,977	45.07%
Due to customers	6,307,428	44.38%	4,627,357	42.08%
Subordinated liabilities	358,200	2.52%	-	0.00%
Current tax liabilities	26,601	0.19%	3,963	0.04%
Other liabilities	251,929	1.77%	353,619	3.22%
Provisions	15,974	0.11%	12,260	0.10%
<b>Total liabilities</b>	<b>13,057,058</b>	<b>91.88%</b>	<b>10,014,303</b>	<b>91.07%</b>
<b>Equity Capital</b>				
Share capital	503,135	3.54%	503,135	4.58%
Share premium	308,656	2.17%	308,814	2.81%
Other reserves	183,200	1.29%	74,934	0.68%
Revaluation reserve	(2,818)	-0.02%	2,167	0.02%
Retained earnings/(losses)	(15,811)	-0.11%	7,318	0.07%
Net profit for the year	177,594	1.25%	85,137	0.77%
<b>Total equity</b>	<b>1,153,956</b>	<b>8.12%</b>	<b>981,505</b>	<b>8.93%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>14,211,014</b>	<b>100.00%</b>	<b>10,995,808</b>	<b>100.00%</b>



## 2.1.2 Profit and loss account

INCOME STATEMENT	1.01.2007 - 31.12.2007 PLN '000	1.01.2006 - 31.12.2006 PLN '000
Interest income	606,041	375,542
Interest expense	(317,008)	(167,871)
<b>Net interest profit (loss)</b>	<b>289,033</b>	<b>207,671</b>
Commission and fee income	134,231	107,614
Commission and fee expense	(10,474)	(9,561)
<b>Net commission and fee profit (loss)</b>	<b>123,757</b>	<b>98,053</b>
Dividend and other investment income	3,400	-
Net trading profit	155,961	110,803
Net profit (loss) on investment securities	(2,723)	(1,031)
Net profit (loss) on hedging transactions	(126)	7
Other income	10,987	5,751
<b>Total income net</b>	<b>580,289</b>	<b>421,254</b>
Personnel costs	(160,198)	(121,370)
Depreciation of fixed assets and intangible fixed assets	(25,257)	(22,068)
Other costs	(138,918)	(120,421)
Net write-offs for impairment	(41,309)	(53,283)
<b>Gross profit</b>	<b>214,607</b>	<b>104,112</b>
Income tax	(37,013)	(18,975)
<b>Net profit</b>	<b>177,594</b>	<b>85,137</b>
<b>EPS ratio (PLN)</b>		
Net profit (in PLN)	177,594	85,137
Weighted average of ordinary shares	16,771,180	16,771,180
EPS ratio (in PLN)	10.59	5.08

## 2.2 Selected financial ratios

	31.12.2007	31.12.2006
Total assets (PLN '000)	14,211,014	10,995,808
Gross profit (PLN '000)	214,607	104,112
Net profit (PLN '000)	177,594	85,137
Shareholders' equity (PLN '000)*	976,362	896,368
Return on equity	18.19%	9.50%
Capital adequacy ratio	11.72%	11.45%
Receivables to total assets	91.42%	90.96%
Income generating assets to total assets	86.25%	72.54%
Interest bearing liabilities to total liabilities	89.81%	87.71%

\* excluding current-year net profit

## 2.3 Interpretation of selected financial ratios

Changes in the most significant items of the balance sheet and the profit and loss account are discussed below:

- Total assets increased by PLN 3,215,206 thousand i.e. 29% compared to 31 December 2006. The growth resulted mainly from the increase of due from clients, which increased by PLN 4,196,804 thousand i.e. 60%. The increase was partly off-set by the decrease of cash and cash equivalent position by PLN 1,236,512 thousand (44%). On the liabilities side the highest increase was observed in due to customers and amounted to PLN 1,680,071 thousand (36%). Moreover, substantial increase by PLN 939,568 thousand (19%) was noted in due to banks. The biggest change among equity was the increase of other reserves by PLN 108,266 thousand i.e. 144% which was a result of prior years net profit allocation.
- The Banks' gross profit for the year 2007 amounted to PLN 214,607 thousand and increased by PLN 110,495 thousand i.e. 106%. Increase in the Bank's gross profit resulted mainly from increase of the net interest income by PLN 81,362 thousand i.e. 39%.
- The net income for the year that ended 31 December 2007 accounted for PLN 177,594 thousand and was by PLN 92,457 thousand (109%) higher comparing to the year ended 31 December 2006.

### **3 Detailed report**

#### **3.1 Proper operation of the accounting system**

The Bank maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

#### **3.2 Verification of assets and liabilities**

The Bank performed a verification of assets and liabilities and in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act.

Count differences have been recorded in the period covered by the financial statements.

#### **3.3 Compliance with banking regulations**

Based on our audit we have not identified any significant deviations in the bank's compliance with the banking regulatory norm pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

#### **3.4 Audit materiality**

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatements.

#### **3.5 Notes to the financial statements**

All information included in the notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the financial statements taken as a whole.

### 3.6 Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

### 3.7 Information on the opinion of the independent auditor

Based on our audit of the financial statements as at and for the year ended 31 December 2007, we have issued an unqualified opinion.

*Signed on the Polish original*

.....  
Certified Auditor No. 9941/7390  
Bożena Graczyk

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51, 00-867 Warsaw  
Certified Auditor No. 9941/7390  
Bożena Graczyk,  
Member of the Management Board

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51, 00-867 Warsaw  
David Pozzocco, Partner

Warsaw, 2 April 2008